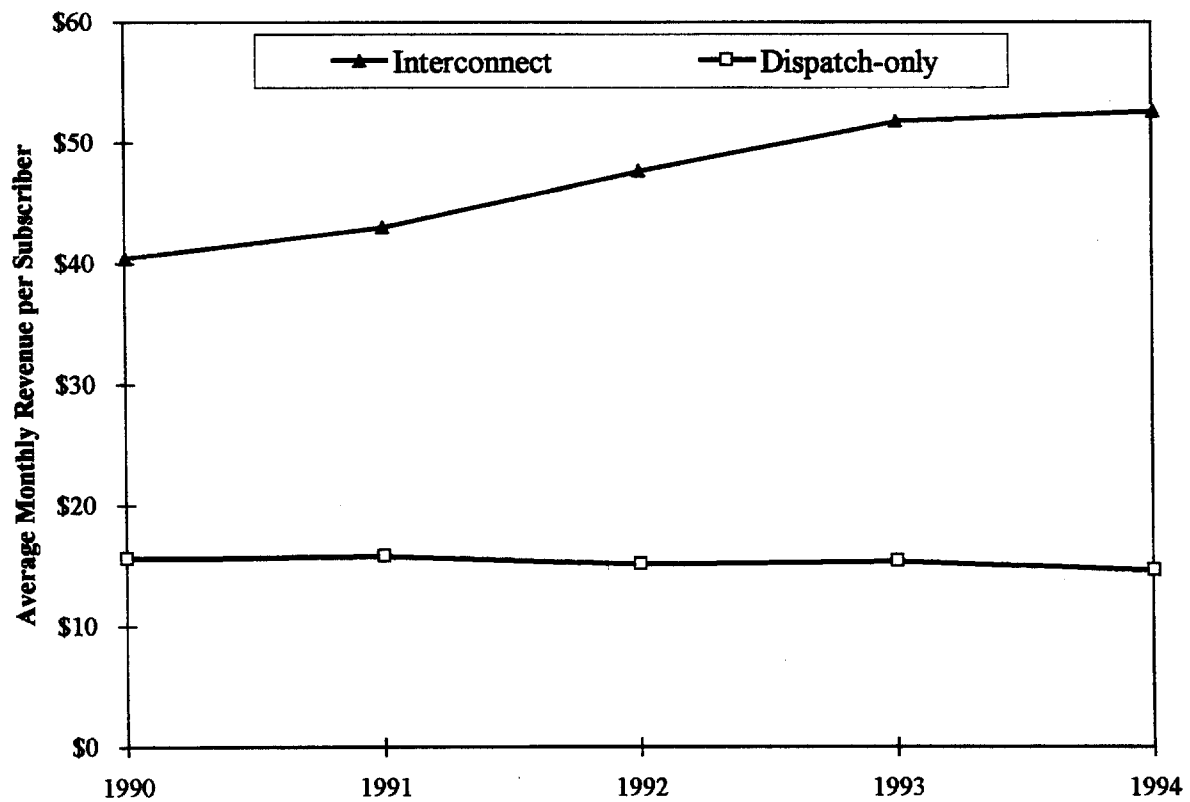


**Figure 2 Average Monthly Revenue per Subscriber
For Dispatch-only and Interconnect Service
1990 - 1994**



Source: EMCI, Inc.

11. Average monthly fees for SMR interconnect services are significantly higher at \$52.70 per month, but this average is weighted toward large carriers operating in metropolitan areas. MTA-EMCI determined the average monthly interconnect revenue for large operators (with more than 2,000 subscribers) is \$52 and the average monthly interconnect bill for smaller operators is \$38 (Figure 3). Both averages are below the average monthly cellular bills of approximately \$58 per month, as reported by the CTIA. Because of its low cost and high functionality, SMR service has become a critical tool for businesses that require dispatch and low cost interconnect services. There are few close substitutes to traditional SMR in a given geographic area.

12. Approximately 75 percent of SMR radios are dispatch-only radios - providing two-way voice communications between two or more mobile units. The relative proportion of dispatch-only units has remained stable over the past five years. Approximately 25 percent of SMR units are capable of interconnecting to the PSTN. Many of these interconnected SMR subscribers also use dispatch services.

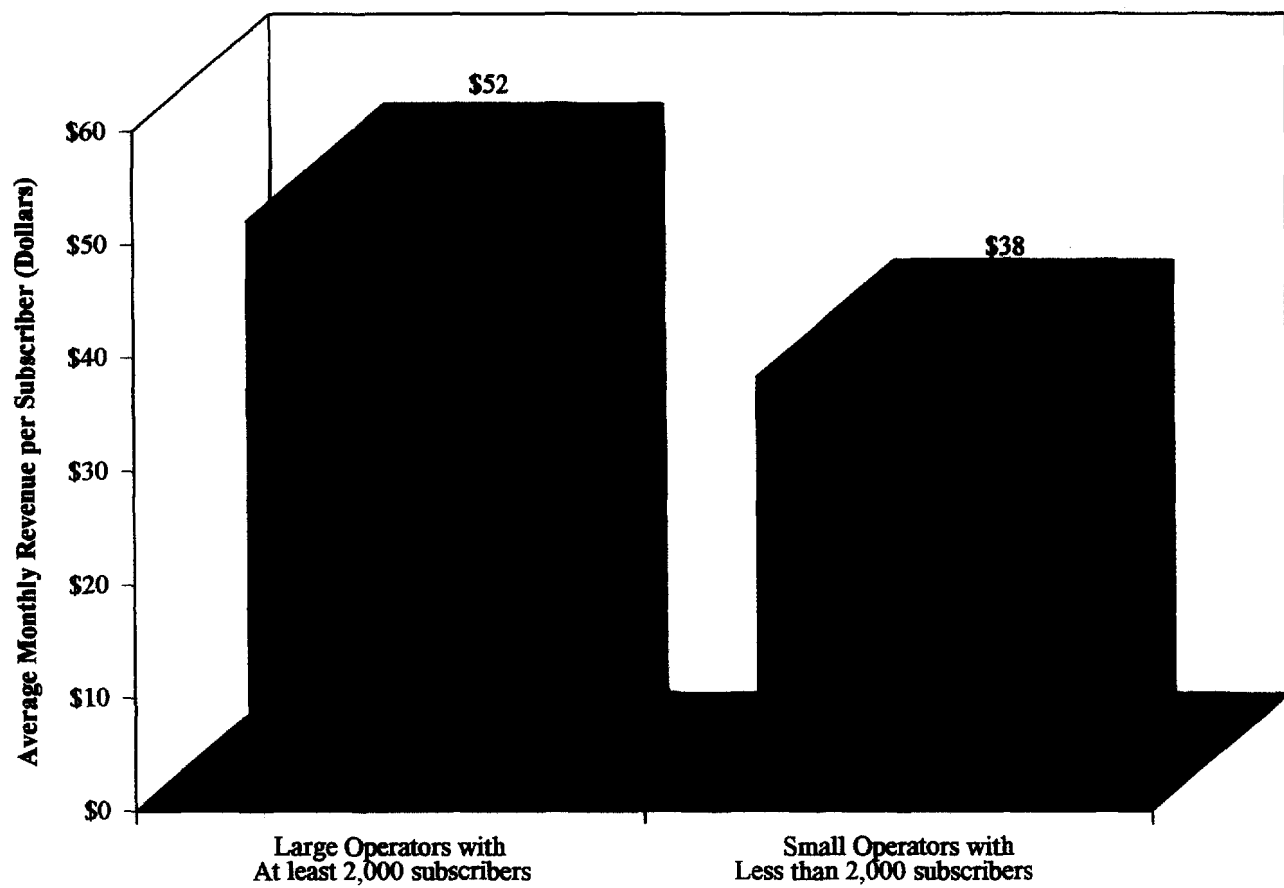
13. Both dispatch-only and interconnect segments of the SMR industry have grown considerably over the past four years. In 1990, 837,000 SMR units used dispatch-only service, while 226,000 subscribed to interconnect service. By the end of 1994, the number of dispatch-only subscribers had increased to 1.4 million units, while the number of interconnect units had grown to 451,000 units (Figure 4). Over the past four years, interconnect service has grown at a faster rate when compared to dispatch-only services, but both services have shown growth. In 1994, dispatch-only growth (23%) significantly outpaced interconnect growth (6%) among SMR users. The renewed strength of dispatch-only growth and the 1994 slowdown of interconnect growth may be attributed, in significant part, to capacity constraints. Operators can afford to load more dispatch-only units on the network because dispatch uses less space (airtime) relative to interconnect units. This scenario is particularly important to the large operators who operate in frequency congested metropolitan areas. Crowded frequencies also have caused an increase in dropped call rates among SMR operators, which may be another reason for the slower growth in SMR interconnect services (Declaration of Rick E. Hafla, Comments on Proposed Antitrust Final Judgment, December 14, 1994).

Historically, the SMR Equipment Market Has Been Competitive

14. One factor that contributed to the success of the SMR industry is the availability of multiple equipment vendors. The SMR equipment market has been concentrated among four manufacturing companies (Figure 5). While Motorola has been the dominant SMR equipment manufacturer with approximately 58 percent of the market, other manufacturers have had sufficient market share to provide SMR operators with viable equipment alternatives. This market structure is particularly important for the small SMR operators who cannot take advantage of volume discounts on equipment.

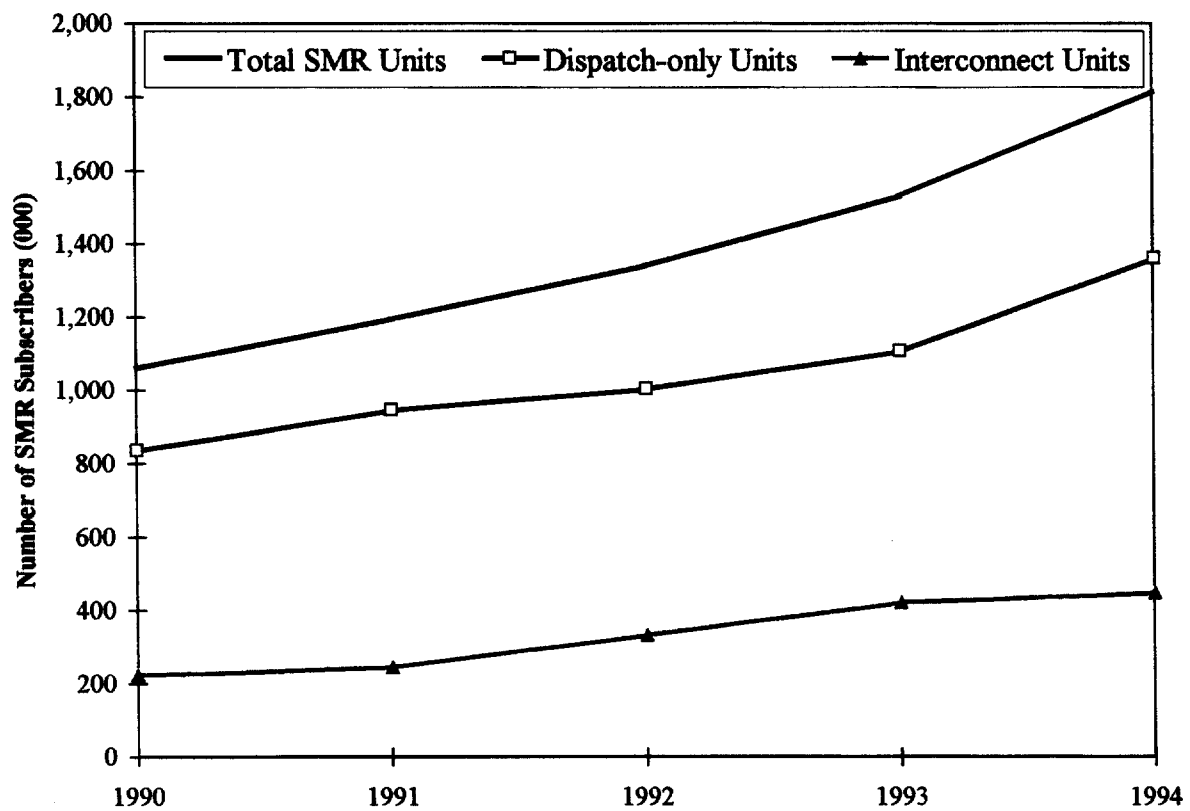
15. The combined growth of the SMR industry and competition among manufacturers for market share has led to declining equipment prices in recent years. Figure 6 illustrates the declining analog handset costs from 1992-1994. Average prices declined for all four types of

**Figure 3 Average Monthly Interconnect Revenues
Large and Small SMR Operators, 1994**



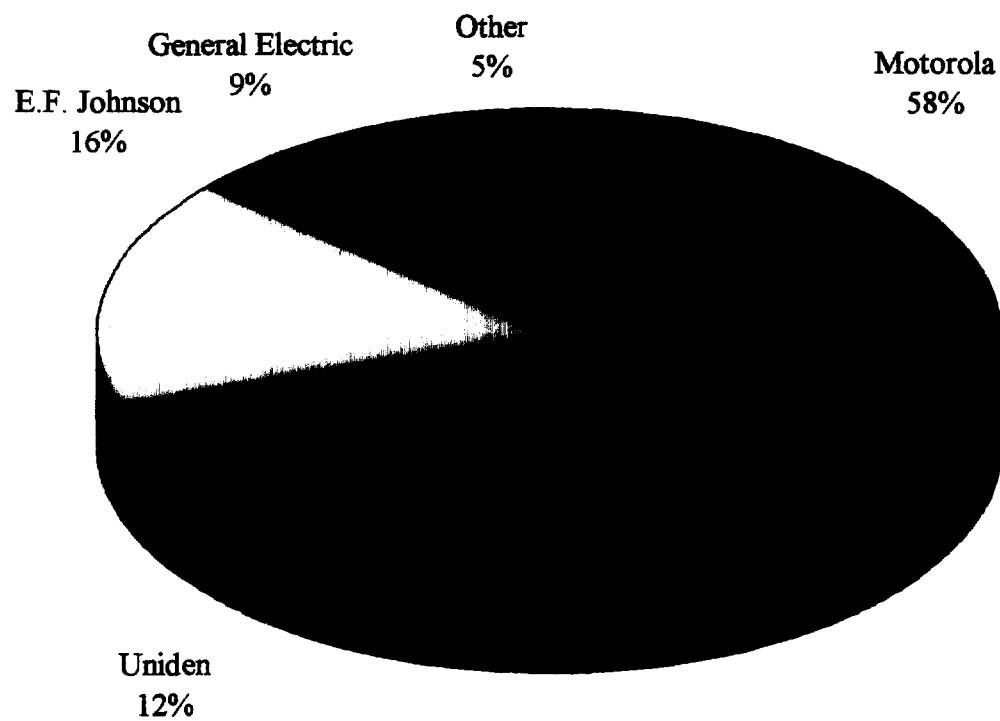
Source: EMCI, Inc.

Figure 4 Number of Dispatch-only and Interconnected SMR Units in Service 1990 - 1994



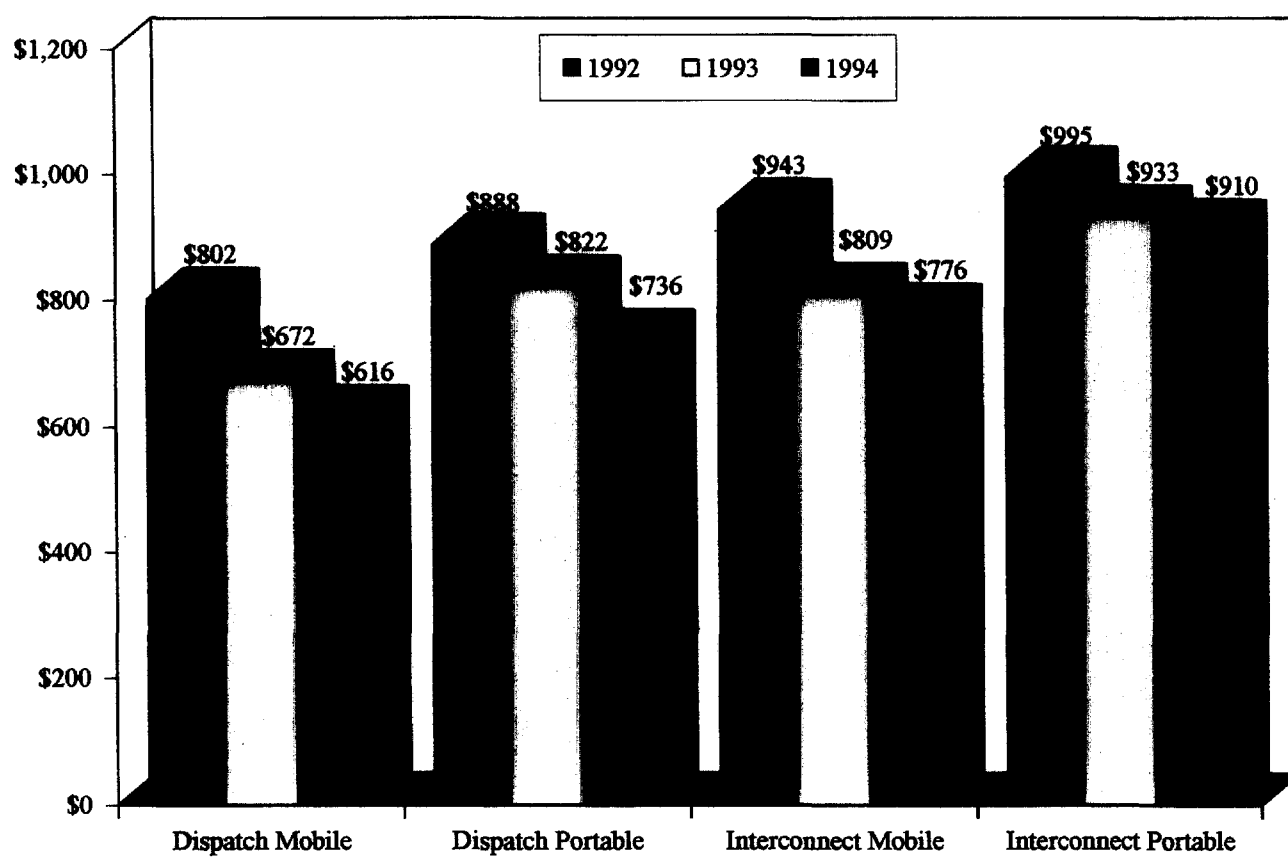
Source: EMCI, Inc.

**Figure 5 Estimated Market Share of SMR
Equipment Manufacturers
1994**



Source: EMCI, Inc.

**Figure 6 Average Retail Price of SMR Handsets
1992-1994**



Source: EMCI, Inc.

radios, despite the concentration of sales among the leading SMR manufacturers: Motorola, General Electric, E.F. Johnson, and Uniden. Because of the growth in business services provided by SMR operators and the number of manufacturers in the market, SMR equipment has become increasingly competitive over the past few years.

Nextel Has Achieved a Dominant Market Presence Through Acquisitions

16. In a February, 1991 Memorandum Opinion and Order (File No. LMK-90036), the FCC stated that existing rules afford Nextel the latitude to build a wide area digital SMR system in six metropolitan markets including Los Angeles, Chicago, San Francisco, Dallas, Houston, and New York. The FCC needed only to waive the one-year construction requirement to permit the development of the digital mobile radio network. Since the 1991 ruling, Nextel has expanded its plan to build a nationwide Digital Mobile Radio network which would cover approximately 98 million POPs (Table 2). In order to facilitate this expansion, Nextel has aggressively acquired SMR channels and subscribers across the United States. As a result of these mergers and acquisitions, Nextel has achieved a dominant channel position in many geographic markets and a large share of SMR subscribers.

17. Table 3 describes Nextel's major acquisitions since the February, 1991 ruling. As of March 31, 1994, Nextel claimed to offer analog SMR coverage to 180 million persons (or 180 million POPs in industry parlance), approximately 70 percent of the U.S. population. By September of 1994, Nextel reported a subscriber base of approximately 300,000 trunked SMR users. These figures do not include subscribers which would be added from the pending acquisition of Dial Call, Inc. OneComm Corporation, and Motorola, as discussed below in paragraphs 18 - 20.

**Table 2 Proposed Roll-out Schedule for Nextel's Digital Mobile Network
1994**

MSA	Market Number	Population (1992 Census)	Estimated Year of Operation
New York, NY	1	8,627,200	1995
Los Angeles, CA	2	16,069,700	1994
Chicago, IL	3	6,109,500	1995
Philadelphia, PA	4	4,924,100	n/a
Boston, MA	6	3,785,800	1995-1996
Dallas, TX	9	4,061,900	1995-1996
Houston, TX	10	4,142,400	1995-1996
Minneapolis/St. Paul MN	15	2,547,100	n/a
San Diego, CA	18	2,982,700	1995
Milwaukee, WI	21	1,445,600	1995
Phoenix, AZ	26	2,224,800	n/a
Hartford, CT	32	1,136,900	n/a
Providence, RI	38	924,700	n/a
Bridgeport, CT	42	825,300	n/a
Norfolk, VA	43	1,447,200	n/a
New Haven, CT	49	812,000	n/a
Wilmington, DE	69	592,200	n/a
Tucson, AZ	77	690,500	n/a
York., PA	99	427,700	n/a
San Francisco/San Jose, CA	7/27	5,313,100	1994
Washington/Baltimore	8/14	4,055,200	1995-1996
Other New York markets		8,360,600	n/a
Other New England markets		3,419,300	n/a
Other Minnesota markets		897,200	n/a
Other Midwest markets		2,738,300	n/a
Other Mid-Atlantic markets		4,536,700	n/a
Other California markets		5,196,300	1994-1995
Other Arizona markets		161,700	n/a
			n/a
Total		98,455,700	n/a

Source: Nextel Communications Inc. 10-Q, Dated 6/30/94

Digital roll-out schedule does not include pending and proposed transactions with:

American Mobile Systems Inc.,
 Questar Telecom, Inc.,
 Advanced MobileComm, Inc.,
 Motorola,
 OneComm Corporation,
 Saber Communications, Inc.,
 PowerFone,
 Corporacion Mobilcom S.A. de C.V. (Mexico),
 Clearnet, Inc. (Canada)

Table 3 Summary of Nextel's Mergers and Acquisitions, 1992-1994

SMR Company	Terms of Agreement
DisCom	acquired 100%
PowerPhone	stock deal completed for an estimated value of \$280 million
Florida SMR Acquisitions	pending cash deal worth an estimated \$54 million
American Mobile Systems Inc.	pending stock swap worth an estimated \$78 million
Questar Telecom, Inc.	stock deal completed for an estimated value of \$100 million
Advanced MobileComm, Inc.	pending stock deal worth an estimated \$52 million
Motorola	pending stock deal worth an estimated \$1.7 billion
Dial Call, Inc.	pending stock swap worth an estimated \$750 million
OneComm	pending stock deal worth an estimated \$650 million
Saber Communications, Inc.	89% ownership, agreed to complete purchase by year end
Corporacion Mobilcom S.A. de C.V	cash investment of \$107.5 million for 20% of Mobilecom
Cleartnet, Inc. (Canada)	pending deal for 35% ownership
Other Acquisitions	nine additional acquisitions worth 20.9 million

Source: MTA-EMCI, Inc. based upon information from Nextel's Public Financial Statements and Press Releases

18. During the second half of 1994, Nextel announced a series of mergers and acquisitions which will significantly enhance their channel position in many geographic markets and their share of subscribers within the SMR industry. The pending acquisition of Motorola's SMR assets for 62 million shares of Nextel stock (valued at approximately \$1.7 billion) would increase Nextel's subscriber base by more than 300,000.

19. Nextel also announced a stock merger with Dial Call, Inc. - a wholly owned subsidiary of DialPage - for approximately \$650 million. Dial Call Inc. was formed in 1993 to develop a wide area digital SMR network across 13 southeastern states with a population of 72 million. The roll-out of the digital mobile network is scheduled to begin in 1995, with the operation of the Charlotte-Atlanta-Columbia transportation corridor and southern Florida markets. Dial Call has announced plans to cover approximately 21 million POPs by the end of 1995 and 57 million POPs by the end of 1996. As of mid-1994, Dial Call reported ownership or pending ownership of 5,775 SMR channels in 13 southeastern states. Dial Call served approximately 60,000 subscribers by year-end 1994. This estimate does not include Dial Call's pending mergers and acquisitions.

20. Nextel's acquisition of OneComm (formerly CenCall), for approximately \$750 million in stock, resulted in a substantial increase in Nextel's subscriber base. OneComm's SMR assets span 23 states and 54 million POPs throughout the west and mid-western states. MTA-EMCI estimates that OneComm will serve approximately 50,000 analog subscribers by the end of 1994,

but with the completion of pending acquisitions, OneComm could serve over 80,000. OneComm has initiated digital mobile service using MIRS in the Seattle and Denver markets and the company anticipates that the MIRS technology will be deployed in all of its metropolitan markets within three years.

21. According to Nextel's September 30, 1994 Quarterly Report (10-Q), Nextel's subscriber base approximates 300,000 SMR subscribers. After the completion of the afore-mentioned acquisitions, Nextel will increase its current subscriber base to approximately 800,000 subscribers, or more than 44 percent of the total SMR industry (Table 4). Total POPs covered by Nextel will increase to more than 220 million, or 85 percent of the total U.S. population.

**Table 4 Distribution of SMR Subscribers
Among Leading Operators, 1994**

	Number of Subscribers Pre-Mergers	Number of Subscribers Post-Mergers
Nextel	300,000	790,000
Motorola	350,000	0
OneComm	80,000*	0
Dial Call	60,000	0
Pittencrieff Communications Inc. (PCI)	83,000	110,000
Crescent Communications	27,000	0
Industrial Communications & Electronics	22,000	22,000
Geotek	15,000**	15,000
Mobilemedia	8,500	8,500
Gary Electronics	8,000	8,000
Lagorio Communications	8,000	8,000
Radiophones	7,500	7,500

* Subscriber numbers for OneComm include pending acquisitions.

** Subscriber numbers for Geotek include approximately 10,000 900 MHz subscribers.

Source: MTA-EMCI, Inc., based upon information from public documents and press releases.

22. On a market level, Nextel's market share will be significantly higher, given the concentration of SMR channels within Nextel and its affiliates. According to the U.S. District Court records, Nextel will hold a dominant position of approximately 200 SMR channels (800 MHz) in 11 major metropolitan markets covering 41 million POPs (Table 5). In a separate analysis, William Holesworth (Declaration of William Holesworth, Comments on Proposed Antitrust Final Judgment, December 14, 1994) used the FCC's database of SMR licensees to show that Nextel will control at least 70 percent of the 800 MHz SMR frequencies within the states of Washington, Idaho and Oregon, after the merger proceedings between OneComm and

Nextel are completed. A concentration of SMR channels will enable Nextel to expand its own geographic and product markets, while competing SMR operators often lack channels for expansion.

Table 5 Metropolitan Markets Where Nextel Has A Dominant 800 MHz SMR Channel Position

Metropolitan Market	Population	No. of 800 MHz SMR Channels
New York, NY	8,627,200	196
Philadelphia, PA	4,924,100	207
Houston, TX	4,142,400	271
Dallas, TX	4,061,900	265
San Francisco, CA	3,984,825	254
Boston, MA	3,785,800	230
Miami, FL	3,193,000	315
Washington D.C.	3,041,400	200
Atlanta, GA	2,834,000	300
Denver, CO	1,623,000	250
Orlando, FL	1,073,000	313
Total	41,290,625	2,801

Source: Competitive Impact Statement from U.S. District Court, United States v. Motorola, Inc. and Nextel Communications, Inc., 10/27/94.

Wide Area Digital SMR Has a Fundamentally Different Cost Structure When Compared with Traditional SMR

23. In the mobile communications industry, the backbone technology impacts the services offered, the prices of these services, and the markets in which services are sold. To date, SMR has implemented an analog, broadcast technology with the following characteristics:

- High power, broadcast technology. SMR operators have traditionally relied upon high powered, broadcast technology without employing frequency re-use - resulting in larger cell sizes when compared to cellular-like technology. Given the nature of cellular and SMR technologies, dispatch communications are inherently more efficient over SMR when compared with cellular because these communications do not have to go through the switch.
- No Hand-off Capabilities. The SMR systems have traditionally not permitted hand-offs, which results in a localized service area focus, but further reduces capital costs relative to cellular.

24. Over the past few years, the number of SMR subscribers using interconnection services has steadily increased. SMR interconnect service often includes a push-to-talk requirement or the utilization of access codes for receiving incoming calls. Along with lower price, this differentiates most SMR interconnection from cellular service. The primary reason for the differences in cellular and SMR interconnection services is the different level of intelligence employed at the switch. Cellular operators, use intelligent, but expensive, switching equipment to facilitate interconnection services, while SMR operators typically implement less intelligent switches in an effort to maintain low capital expenditures. The end result is two different interconnection services used by different types of customers.

25. Wide area cellular-like systems which provide mobile telephony services, such as cellular or MIRS, have a fundamentally different architecture when compared to analog SMR. Cellular-like systems utilize:

- relatively smaller cell sizes,
- frequency re-use within these cells to generate capacity,
- hand-offs between cells, and
- more intelligent switches which facilitate interconnect services and advanced call delivery services.

26. The characteristics of cellular-like systems make wide area interconnect services (i.e. cellular and MIRS networks) more efficient, relative to analog SMR, in serving the mobile telephony market. These characteristics also make cellular-like technologies relatively less efficient at dispatch services, when compared to analog SMR, because a single dispatch call can occupy several channels in a cellular-like network which employs frequency re-use. While operators using a cellular-like infrastructure can offer dispatch-oriented services at a local or regional level, it is more efficient for these carriers to serve higher revenue, mobile telephone customers. Mobile telephone service enables operators to recoup their higher capital costs more quickly when compared to lower-priced dispatch services. This is particularly important when marketing costs are high - as they are in the SMR and cellular industries.

27. The FCC's FNPRM will encourage the geographic licensees to develop cellular-like systems which provide coverage across the designated area. Cellular-like systems, as described above, will employ a large number of regional cell sites with hand-offs between cells and a sophisticated network of switches supporting call delivery and call hand-off capabilities. Cellular-like systems are also likely to employ frequency re-use to achieve greater capacity. These systems are unlikely to develop a business plan which focuses on providing economical communications services to local or regional customers, because cellular-like systems are not optimized to meet economical business communications needs. Given the economics and cost of cellular-like technologies, it would be difficult for the auction winner to achieve the same price point currently offered by today's analog SMR operators. This is particularly true if auction winners are compelled to pay the costs of moving or migrating incumbents to other sections of the SMR band.

28. Future digital technologies will cause the distinction between higher-cost cellular-like systems and lower-cost SMR systems to be less distinct. Geotek, for example, plans to implement a frequency hopping digital technology in the 900 MHz band. This technology is spectrally efficient, but will initially rely on large macrocells which do not provide inter-cell hand-off - much like traditional SMR. GE/Ericsson is marketing the digital EDACS technology which enables operators to migrate from analog SMR to high power, digital radio services. Even MIRS can be applied in a high power mode without frequency re-use at the cell level. While technological developments will cause historical distinctions to blur, an important demand segment for economical business communications services will persist. Carriers whose infrastructure is tailored to these economical business communications needs will continue to have an advantage in serving this market.

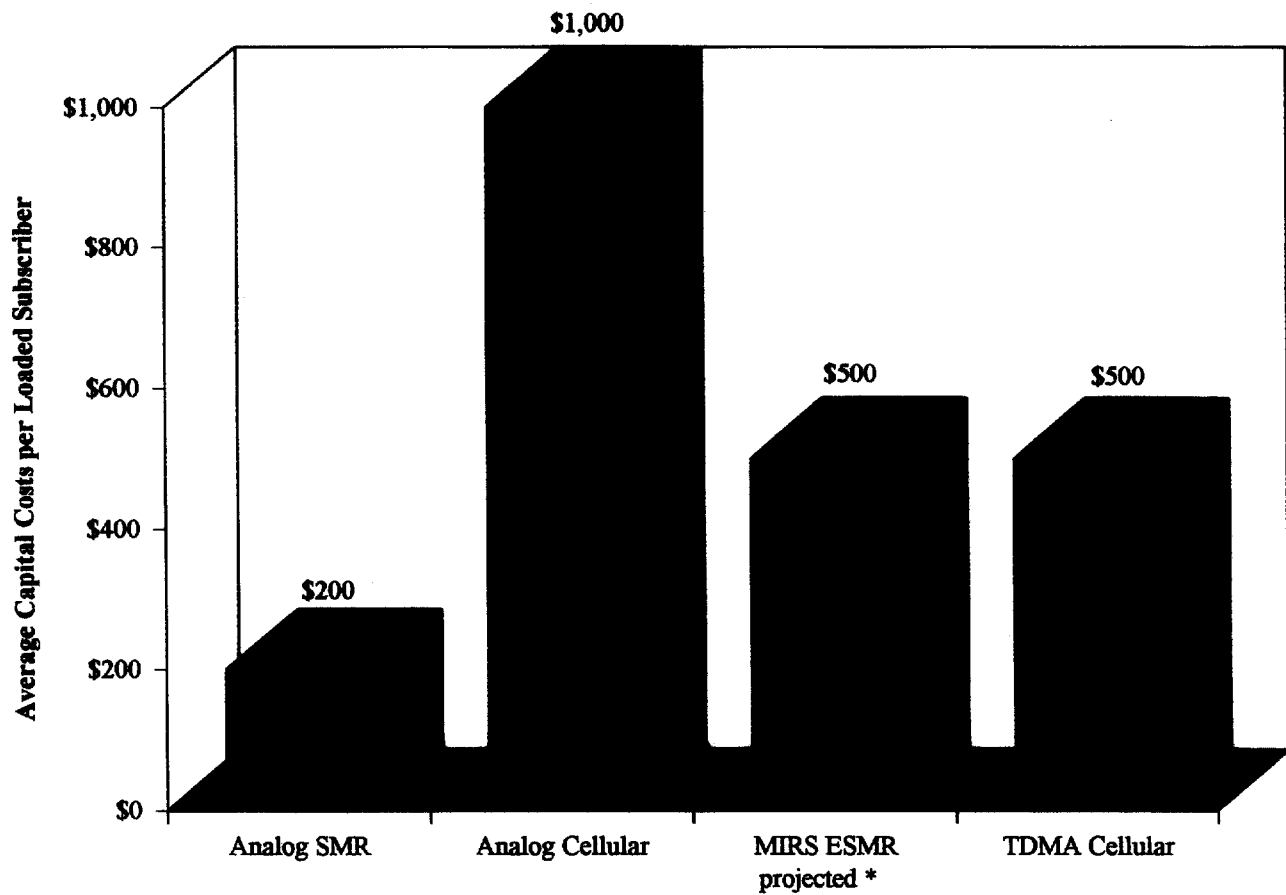
Costs of Analog and Digital SMR Technologies

29. A traditional analog SMR system consists of one or more transmitters, antennas, and other radio equipment. Although the cost to build an SMR system varies depending on the type of system, the number of towers and other decisions, the minimum costs of constructing a small, stand-alone analog SMR system can range from \$60,000 to over \$200,000 for a full-feature 20-channel system. If tower construction is also included in the capital budget, tower costs can add as much as \$200,000 or more. Additional revenues for tower space rental, however, can offset the additional cost of tower construction over time.

30. Nextel has invested more than \$120 million in deploying Motorola Integrated Radio System (MIRS) technology throughout the Los Angeles metropolitan area. This cost includes base station radio transmitters and receivers, digital switches and site preparation and installation services. According to public documents, Nextel has estimated its capital requirements for digital mobile radio networks at \$420 million in 1995, \$500 million in 1996, and \$250 million in 1997. When combining the proposed costs to deploy digital mobile radio in existing service areas and in new areas covered by Nextel affiliates, the company expects to spend more than \$2.5 billion over the next three years (1995-1997).

31. In contrast to analog cellular and digital SMR technologies, SMR infrastructure has very low capital costs per subscriber (Figure 7). Assuming a fully-loaded system, analog SMR capital costs average approximately \$200 per subscriber, while MIRS and TDMA cellular technologies average approximately \$500 per subscriber. These higher capital and upfront costs will be passed along to SMR subscribers in the form of higher average monthly bills.

**Figure 7 Average Capital Costs per Loaded Subscriber
For Different Mobile Architectures**



* Final costs for MIRS are not yet known, as capital budgets continue to evolve. The capital costs of MIRS are estimated to approximate the cost structure of TDMA cellular.

Source: EMCI, Inc.

Impact of Proposed Geographic Licensing

A Shortage of Economical Business Service Operators and an Abundance of Interconnected Mobile Telephone Operators

32. Table 6 illustrates MTA-EMCI's supply-side comparison of today's mobile communications market in 1998 under the proposed wide area rulings. The proposed rule changes will have different effects on metropolitan and rural areas. In 1994, two mobile communications operators offer mobile telephony service within a metropolitan statistical area (MSA). Roaming agreements with carriers in other service areas enable the cellular operators to offer service over a wide area. SMR operators, as described previously, primarily serve economical business communications needs at the local or regional level. Over the next four years, the FCC will license at least three additional PCS operators per market. Under the proposed rulemaking, the FCC is attempting to license between one to four additional SMR operators that will also provide mobile telephony service. If the proposed rulemaking is implemented, the number of SMR operators serving the business market in 1998 will be significantly lower than in 1994, due to the conversion of 200 channels for wide area use.

Table 6 Historical and Projected Number of Mobile Communications Operators in Large and Small Markets Under FCC's FNPRM 1994 and Post 1998

	1994	1998
Large, Metropolitan Markets		
Mobile Telephony	2 cellular operators	2 cellular operators 3 - 6 PCS operators <u>1 - 4 wide area SMR operators</u>
Total	<u>2 operators</u>	6 - 12 operators
Economical Business Services	<u>2 - 6 SMR operators</u>	<u>0-2 SMR operators</u>
Total	2 - 6 operators	0-2 operators
Small, Rural Markets		
Mobile Telephony	2 cellular operators	2 cellular operators 3 - 6 PCS operators <u>1 - 4 wide area SMR operators</u>
Total	<u>2 operators</u>	6 - 12 operators
Economical Business Services	<u>1 - 3 SMR operators</u>	<u>0-2 SMR operators</u>
Total	1 - 3 operators	0-2 operators

* Number of operators licensed by the FCC. The demand for mobile telephony in rural areas is unlikely to support this many competitors in small, rural markets.

Note: Three 10 MHz PCS licenses may be independent competitors or may be merged into the 30 MHz PCS licenses, or an existing cellular licenses.

Source: MTA-EMCI, Inc.

33. The FCC's proposed rule changes for SMR licensing could significantly reduce competition in the market for economical business communications services. As the table illustrates, the number of providers of local and regional economical business communications services is reduced from three to six operators today, to zero to two operators in metropolitan areas by 1998. Under the proposed rulemaking, a metropolitan area might not be served by an economic business operator if the auction winner(s) already own the lower 80 SMR channels.

34. The economic impact of FCC's proposed rule changes for SMR licensing will be more pronounced in small, rural markets where demand forces are not likely to support five to eight mobile telephony operators. Some of these mobile telephony operators may fail or the licenses may not even be constructed as a result of limited demand potential. At the same time, the re-assignment of 200 channels for mobile telephony use in small, rural markets would negatively impact existing business radio communications operators. SMR operators offering economical business communications services would be constrained from expanding either their capacity or their geographic coverage areas. These constraints may compel the remaining SMR operators to overload their networks, turn away new customers, place growth limitations on existing customers, and raise service prices. In short, the economic impact of the proposed rulemaking could produce a less competitive market and an inferior level of service for SMR subscribers.

35. The number of competing service providers offering mobile telephony services will increase significantly over the next few years, especially in metropolitan areas. Under the proposed rulemaking, the suppliers of mobile telephone services will increase from two operators per market today to at least six - and possibly twelve operators - by 1998. According to economic theory, new market entrants which compete with existing firms will result in increased price competition. Full competition is generally believed to be achieved when there are approximately 10 firms of equal size competing in a homogeneous market (F.M. Scherer, Industrial Market Structure and Economic Performance, 2nd edition, p. 199). If market shares are unequal and firms with smaller market share have the opportunity to make inroads at the expense of larger players, full competition can be achieved with fewer than ten firms. The concentration of market power in the mobile telephony market will be highly skewed towards the cellular operators who have a significant head start on their competition. Cellular operators will continue to have the dominant market share for a number of years and will be at the highest risk of losing market share to new competitors. In this type of industry, a fully competitive market can be achieved with fewer than ten competitors.

36. Even if the point at which a market has a sufficient number of competitors to achieve full competition is not known, game theory and pricing models show that the complexity of tacit collusion increases exponentially with the number of new entrants (Almarin Phillips Market Structure Organization and Performance, pp. 29-30). The greatest increase in market competition occurs when a third or fourth player enters a homogenous market. Under the FCC's

proposed licensing scheme, there will already be five to eight mobile telephony operators per market by 1998. Adding one to four wide area mobile telephony operators in the SMR band will have little additional impact on price competition in the market for mobile telephony.

Restrictions on Product Market, Geographic Market, and Auction Participation

37. The FCC's proposal to re-allocate 200 SMR channels for wide area SMR use will exacerbate the current inequity (described in paragraph 22) within the industry. Major Trading Areas are larger than optimal when compared with the coverage patterns of traditional SMR service. While some component of the SMR subscribers require a regional or wide area coverage, MTA-EMCI has determined that the majority of traditional SMR customers communications needs fall within a 35 mile radius of a metropolitan area. In addition, the relatively small geographic and operational size of most SMR operators will preclude them from participating in wide area SMR auctions or having a realistic chance to secure one of the four wide area SMR licenses.

38. Under the FCC's wide area proposal, non-wide area operators will likely experience capacity constraints - limiting the number of new customers which can be added to their network. Furthermore, current SMR operators who do not obtain wide area licenses will be restricted from geographic expansion - prohibiting the growth of the service area which is required when businesses expand their scope. Together, these two restrictions will have a severe impact on the future of economical business communications services in the United States.

One SMR Equipment Manufacturer Will Dominate the Market

39. Because Motorola will own a significant interest (approximately 24 percent) in Nextel and because Nextel is using Motorola MIRS equipment in its Digital Mobile Radio network, a single SMR equipment manufacturer will likely become dominant. After the merger proceedings are completed, Motorola will have a significant ownership interest in a carrier that owns 70 percent or more of the SMR frequencies in a number of states. Due to the fact that Nextel's channels are disproportionately located in larger markets, Motorola's future market share is likely to be even higher than the percent of channels owned by Nextel. The impact of a single, dominant SMR equipment manufacturer will be significantly greater on small SMR operators who do not possess bargaining power in ordering large volumes of SMR equipment.

40. In the digital SMR market, there are only three significant system manufacturers: Motorola, GE/Ericsson and Geotek. At this time, none of the manufactures has announced its intentions to license their technologies to competing manufacturers. As the only manufacturer of MIRS, Motorola has secured contracts with most large SMR operators including Nextel, Dial Call, OneComm and Pittencrieff. Geotek has developed an FHMA technology for the 900 MHz SMR band which will be used in approximately 35 Geotek markets. GE/Ericsson has announced EDACS equipment contracts with approximately 65 SMR operators, which are located mostly in rural areas.

Summary: The SMR Industry Requires Regulatory Flexibility to Effectively Serve the Mobile Marketplace

41. Throughout the history of the SMR industry, operators have provided a variety of mobile services to business customers at prices which are well below monthly cellular prices. Operators have modified and upgraded their systems to accommodate subscriber growth and geographic coverage growth in their markets. The market has responded favorably to the SMR operators by growing to 1.8 million customers at the end of 1994. There are few, if any, close substitutes to SMR mobile communications services in most markets.

42. Recent mergers and acquisitions in the SMR industry have created a dominant market operator and manufacturer which threatens to decrease the competitiveness of the SMR industry. After Nextel completes the merger of OneComm, Motorola, and Dial Call, Nextel will hold a monopolistic channel position of at least 70 percent in many markets. Since Nextel's frequencies are concentrated in densely-populated metropolitan areas, the impact of this concentration of SMR licenses upon the market is actually greater than described above. After the mergers are completed, Nextel will serve approximately 44 percent of all SMR units in service. The mergers will also result in Motorola's ownership of Nextel to reach 24 percent. The ownership interest of the largest SMR equipment manufacturer, Motorola, in the largest SMR operator, Nextel, increases the potential for monopoly in the SMR industry through vertical integration.

43. The FCC's Further Notice of Proposed Rulemaking for wide area SMR licensing will encourage the development of cellular-like systems emphasizing mobile telephony service. A cellular-like infrastructure has higher capital costs when compared to traditional SMR and thus, must target higher revenue customers. Since interconnection services are billed according to the amount of airtime used, operators with cellular-like infrastructure will focus their marketing efforts on mobile telephony customers as opposed to customers requiring economical business communications.

44. The impact of the FCC's FNPRM for geographic SMR licensing will exacerbate the market inequity described in paragraph's 22 and 43 by limiting the number economical business service operators and creating an abundance of mobile telephony operators. Setting aside 200 channels for mobile telephony use will restrict current operators from adding channels as demand dictates or prevent operators from expanding their current coverage area to accommodate the needs of their customers. Using economic theory, MTA-EMCI reveals that the marginal benefit of adding one to four mobile telephony operators to a market with five to eight existing operators is nominal. Due to the financial resources required for the geographic SMR auctions, most SMR operators would be precluded from participating in the auctions.

45. In the absence of wide area rulemaking, SMR operators who provide local and regional services are likely utilize more spectrally efficient technologies and roaming agreements which will enable their businesses to continue to grow. Examples of this trend include Range Telecommunications in Marquette, Michigan, which is using a version of Uniden's ESAS technology to increase capacity. Where spectrum is not available and where customers demand

broadier coverage areas, SMR operators will develop roaming agreements with neighboring operators. To this end, there are several roaming consortia being formed at this time:

- Northwest Wireless
- 21st Century Wireless
- Chadwick
- Pittencrieff Communications Inc.

Competitive market forces and the scarcity of spectrum will encourage these operators to adopt new technology and/or expand their geographic coverage. The SMR industry requires regulatory flexibility in order to adequately serve the mobile marketplace.

EXHIBIT E

Statement of Fred Goodwin

FRED GOODWIN
80147 Tangier Avenue
Indio, California 92201

January 4, 1995

Mr. Ray Kimball
Ross & Hardies
888 Sixteenth Street N.W.
Washington, DC 20006-4103

Dear Mr. Kimball:

As a result of our recent S.M.R. WON meeting held in the offices of Ross & Hardies on December 14, 15, 16, 1994, I will be presenting the following tactics employed by the nation's largest SMR/ESMR operators as it pertains to the Greater San Francisco Bay Area market. I am able to provide this first hand information due to approximately eight years SMR marketing and general management experience in this market with General Electric Company and Gulf Communications.

During the late 80's, Fleetcall obtained, through acquisition, approximately 67% of the available 800 Mhz trunking SMR systems within the Greater San Francisco/San Jose markets and, in 1990, acquired an additional 25% of the total available channels. Of the systems acquired, approximately one-third operated on the Motorola format, one-third on the General Electric format, and one-third on the E.F. Johnson L.T.R. format. Prior to Fleetcall's ownership of this spectrum, the general business customer public benefited in low equipment prices and monthly subscriber fees due largely to the sometimes fierce equipment and service competition in the area by no less than six competitors. However, from 1990 through 1992, this product and market competition was reduced by about 80% through consolidations and/or closures of acquired SMR companies. Over this same period of time, the general public business customer was receiving subscriber fee increases from \$14.00 per subscriber to \$22.00 per subscriber, and finally up to \$32.00 per subscriber. These subscriber fee increases amounted to just that - fee increase, as no additional services or system coverage was offered. Simply stated, Fleetcall owned over 90% of the market and raised rates knowing full well that the subscriber had one of two choices - pay the new rates, or discontinue using their mobile communications equipment as a business management tool. Most of these subscribers paid these increases.

During 1993 these same subscribers, who had been paying the high user fees and purchasing new mobile equipment to meet their expansion needs, were notified by letter that they would have six months to either purchase new 900 Mhz mobile radio equipment or move to another S.M.R. system (only two other very small operators existed with incompatible signaling formats).

Mr. Ray Kimball
Ross & Hardies

January 4, 1995
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This presented some real problems for these subscribers as most acquired their mobile equipment through leasing and still had payment obligations anywhere from 12 to 36 months. Although Fleetcall had offered an equipment trade-in allowance, it fell far short of addressing the leased equipment issue.

Fleetcall was forcing a mandatory migration of its subscribers from its 800 Mhz trunking system to their 900 Mhz trunking system in order to clear their 800 Mhz channels to implement their digital M.I.R.S. system. This process ultimately caused a great financial hardship to the general business public and virtually eliminated competition within this market area.

I am utterly dumfounded how this type of planned activity has or will better provide the general public a more competitive, economical form of mobile wireless communications. It appears as though the Commission condones these anti-competitive strategies and now proposes to auction this occupied spectrum to the highest bidder which most likely will eliminate competitive, low cost mobile wireless service offered by small businesses throughout the United States.

Thank you for your interest in this information.

Regards,

A handwritten signature in cursive script that reads "Fred Goodwin".

Fred Goodwin
SMR Consulting

FG:pbn

EXHIBIT F

DOJ Complaint and CIS

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
Plaintiff,

v.

MOTOROLA, INC. and
NEXTEL COMMUNICATIONS, INC.
Defendants.

Civil Action No.

94 2331

Filed

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on October 27, 1994; the parties, by their respective attorneys, having consented to the entry of this Final Judgment; and without this Final Judgment constituting any evidence against or admission by any party with respect to any issue of fact or law herein;

Now, therefore, before the taking of any testimony, without trial or adjudication of any issue of fact or law; and upon the consent of the parties, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

I.

JURISDICTION

This Court has jurisdiction over the parties and the subject matter of this action. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18).

II.

DEFINITIONS

As used in this Final Judgment:

A. "Affiliate" means any person in which Motorola or Nextel separately or in combination hold (i) the right, contractual or otherwise, to direct the management decisions, or (ii) an ownership interest of 50 percent or greater, unless defendants do not have the right to direct the management decisions.

B. "Category A City" means any or all of the cities of Boston, Massachusetts; Chicago, Illinois; Dallas and Houston, Texas; Denver, Colorado; Los Angeles and San Francisco, California; Miami and Orlando, Florida; New York, New York; Philadelphia, Pennsylvania; and Washington, D.C.

C. "Category B City" means either or both of the cities of Detroit, Michigan or Seattle, Washington.

D. "Category C City" means the city of Atlanta, Georgia.

E. "Defendants" means Nextel and/or Motorola.

F. "800 MHz channel" means a trunked or conventional channel or frequency pair in the 800 MHz band within a 25 mile radius of the geographic center of Atlanta, capable of being used in providing trunked SMR service in accordance with the Federal Communications Act.. Center coordinates are defined in 47 C.F.R. §90.635 and in Federal Communications Commission Public Notice 43004, Private Radio 800 MHz Systems Application Waiting List, released May 27, 1994.